Manitoba

ANNUAL REPORT

1983 - 1984

Manitoba
Cooperative
Development

85-5059/

ANNUAL REPORT

MANITOBA COOPERATIVE DEVELOPMENT

PROVINCE OF MANITOBA

FOR THE FISCAL YEAR

ENDING MARCH 31, 1984

HON. JAY COWAN

MINISTER

ERIC HARBOTTLE

DEPUTY MINISTER

Manitoba

Minister of
Cooperative Development

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Winnipeg, Manitoba, CANADA
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Her Honour P. McGonigal,
Lieutenant-Governor of Manitoba,
Government House,
10 Kennedy Street,
Winnipeg, Manitoba

May It Please Your Honour:

I present herewith the Annual Report of the Department of Cooperative Development.

The Report outlines the activities and accomplishments of the Department for the fiscal year ending March 31, 1984.

Respectfully submitted,

Jay Cowan,
Minister.

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THE DEPARTMENT OF COOPERATIVE DEVELOPMENT - AN OVERVIEW

The Department of Cooperative Development was established in 1971 to be responsible for promotion and development of cooperative enterprises in Manitoba. Prior to 1971, the Department functioned as the Cooperative and Credit Union Services Branch of the Department of Agriculture.

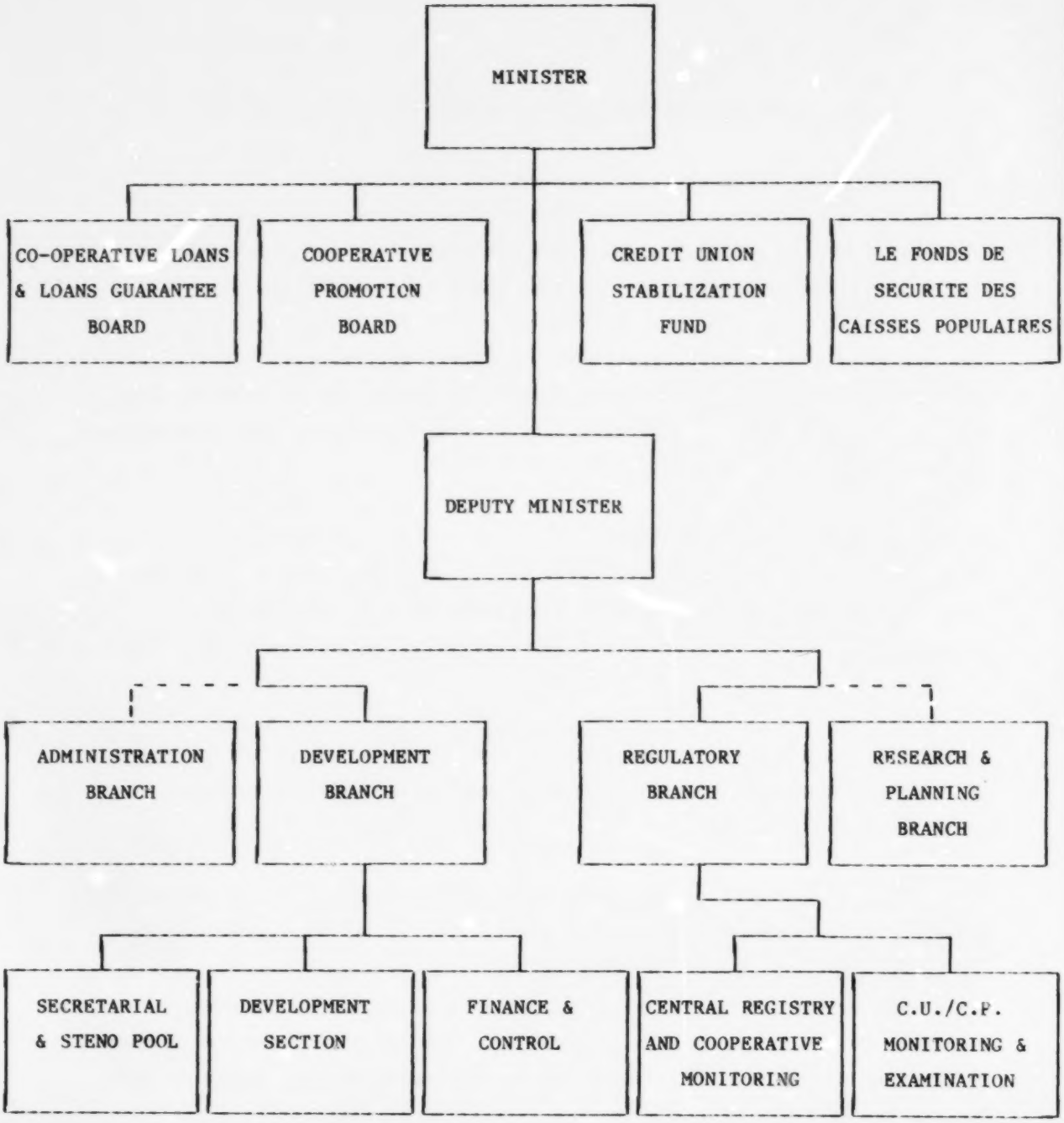
With the passage of The Cooperatives Act in 1977 and The Credit Unions and Caisses Populaires Act in 1979, administration of the two Acts became the responsibility of the Department, thus adding a new and expanded dimension to its general role and activity.

The Department's responsibility is divided into two distinct areas: Development and Regulation. Accordingly, the Department has been structured into two main branches to discharge its responsibility to some 400 cooperatives, credit unions and caisses populaires registered in the Province of Manitoba.

Administrative and Research support services are provided by the Department of Fitness, Recreation and Sport, by the respective branches of that Department.

In addition to its developmental and regulatory functions, the Department provides administrative services and has members on the Co-operative Loans and Loans Guarantee Board, the Cooperative Promotion Board and has representatives on various provincial and national societies, including observer positions on the boards of the Credit Union Stabilization Fund and Le Fonds de Sécurité des Caisses Populaires and on the boards of the Credit Union Central and La Fédération des Caisses Populaires du Manitoba.

ORGANIZATIONAL CHART



BOARDS RELATED TO THE DEPARTMENT OF COOPERATIVE DEVELOPMENT

THE COOPERATIVE PROMOTION BOARD

The Cooperative Promotion Board was established under The Wheat Board Money Trust Act as amended in 1971 to act as trustee for the original surplus funds of the Canadian Wheat Board apportioned to Manitoba by the Government of Canada - a sum of $128,000.00.

The income derived from the investment of these funds may be used at the discretion of the Board to assist in the development and encouragement of co-operation amongst consumers, producers of natural products, and persons concerned in marketing natural products, and in the organization and development of cooperative organizations.

The Deputy Minister of the Department of Cooperative Development serves as Secretary; the other members of the Board are representative of Manitoba cooperatives, appointed by the Lieutenant Governor in Council.

Further information is contained in the Board's Annual Report to the Legislature.

THE CO-OPERATIVE LOANS AND LOANS GUARANTEE BOARD

The Co-operative Loans and Loans Guarantee Board was established by The Co-operative Association Loans and Loans Guarantee Act of 1971. The Board is empowered to make loans to, or guarantee loans made to, Manitoba cooperatives for productive purposes. Applicants to the Board must demonstrate that their project is viable and that the required financing is not readily available from other sources on reasonable terms.

The Co-operative Loans and Loans Guarantee Board consists of five members. The Deputy Minister of the Department of Cooperative Development serves as Chairperson of the Board and another designated individual from the Department as Secretary. The other members are appointed by the Lieutenant Governor in Council.

Further information on the Co-operative Loans and Loans Guarantee Board is contained in its Annual Report to the Legislature.

THE CREDIT UNION STABILIZATION FUND

The Credit Union Stabilization Fund was established under The Credit Unions Act (1970) and continued under The Credit Unions and Caisses Populaires Act (1979). The main objective of the Fund is to protect the savings of all credit union members in Manitoba against losses and to establish sound financial procedures and controls for credit unions. The Fund is administered by a Board of five persons, who are appointed by the Lieutenant Governor in Council. The Fund also acts as supervisor of credit unions when appointed by the Registrar.

LE FONDS DE SECURITE DES CAISSES POPULAIRES DU MANITOBA

Le Fonds de Sécurité des Caisses Populaires, also established under The Credit Unions Act (1970) and continiued under The Credit Unions and Caisses Populaires Act (1979), plays a role similar to the Credit Union Stabilization Fund for caisses populaires in Manitoba. Like the Stabilization Fund, it is administered by a Board of five persons, appointed by the Lieutenant Governor in Council. Le Fonds de Sécurité des Caisses Populaires acts as supervisor of caisses populaires when appointed by the Registrar.

LOAN AGREEMENTS

LOAN AGREEMENT WITH THE CREDIT UNION STABILIZATION FUND AND LE FONDS DE SECURITE DES CAISSES POPULAIRES DU MANITOBA

In July, 1982, interest-free loan agreements were signed by the Minister of Cooperative Development with the Credit Union Stabilization Fund and the Co-operative Credit Society of Manitoba for $25 million and with Le Fonds de Sécurité and La Fédération des Caisses Populaires for $4.5 million. Both loans are to be repaid by July 7, 1987, with the Province having the option to renew the agreements a further five years. Within the agreements, it is stipulated that the amount of the loans shall be utilized to purchase non-negotiable securities of the Province of Manitoba. The loans were granted in order to assist the Fund and Le Fonds in the performance of their objectives.

LOAN AGREEMENT WITH CANADIAN CO-OPERATIVE IMPLEMENTS LTD.

In March, 1982, a loan agreement was concluded with C.C.I.L. The loan, which totals $2,970,000.00 is for a period of ten years, with a review condition after five years. The loan was part of a financial assistance package which included additional investment by farmer-members and a number of major cooperatives in Canada. The loan agreement also included commitments by the provinces of Saskatchewan and Alberta, and the Government of Canada.

STATUTORY RESPONSIBILITIES OF
THE MINISTER OF COOPERATIVE DEVELOPMENT

The Credit Unions and Caisses Populaires Act

The Cooperatives Act

The Co-operative Association Loans and Loans Guarantee Act

The Wheat Board Money Trust Act

DEVELOPMENT BRANCH

The Branch assumes responsibility for assisting the people of Manitoba to develop viable cooperative enterprise to the point of self-sufficiency and self-reliance in all areas of endeavour. This enables the development of viable cooperative enterprises, resulting in the creation and expansion of the quality and range of employment opportunities leading to the development and utilization of the local economic base and human resources.

Assistance provided by the Branch includes information on cooperatives and other forms of cooperative enterprise, assistance leading to incorporation, training in management of cooperative enterprise, management support, accounting training and services, as well as assisting cooperatives to comply with all legislation as it relates to cooperatives.

The Branch also provides full administrative services to the Co-operative Loans and Loans Guarantee Board, acts as resource to the Cooperative Promotion Board, and provides secretarial services to the entire Department.

The Branch works with all cooperatives engaged in a wide spectrum of activity, most common of which are:

- commercial fisheries
- consumer cooperatives
- agriculture cooperatives
- housing cooperatives
- day care and nursery school cooperatives
- health care cooperatives
- service cooperatives
- recreational cooperatives
- credit unions/caisses populaires
- utility cooperatives
- manufacturing cooperatives
- cable TV cooperatives
- employment cooperatives

The Branch is divided into three sections:

- Development
- Finance and Control
- Secretarial and steno pool

DEVELOPMENT SECTION

The Development Section provides developmental assistance and operational management support. The Section also provides training to groups seeking incorporation, and to cooperatives requesting this service. In addition, this Section assists groups and communities to develop viable cooperative enterprises to the point of self-sufficiency and self-reliance through:

- development of new viable cooperative enterprise
- creation and expansion of quality and range of employment opportunities
- development and utilization of the local economic base and human resources
- provision of goods and services
- staff and board development through training in administration, management and control of cooperative enterprises.

This Section also administers all activities of the Co-operative Loans and Loans Guarantee Board.

Specific Programs

1. Incorporation Assistance:

   a) responding to groups seeking incorporation
   b) attending meetings
   c) provision of information on how the economy operates
   d) provision of information on the cooperative system as part of the economic system
   e) provision of information on legal requirements
   f) assistance with feasibility and/or viability studies, budgets, financial and operating forecasts
   g) assistance with organization and preparation of bylaws, policies, and documents prescribed by the Acts.

DEVELOPMENT SECTION (cont'd)

2. Training:

a) role and responsibilities of members, directors, management and staff
b) bookkeeping
c) management skills
d) policy and procedure development
e) preparation of budgets and their use
f) control of cooperative enterprise
g) merchandising, etc.

3. Management Support:

a) operational planning
b) preparation of budgets
c) organization development
d) contracts and agreements
e) supervision and co-ordination of government programs
f) administration of management agreements
g) review and analysis of operations
h) long range planning
i) operational management support
j) assistance with re-instatement of bylaws, etc.

The operational output for the Development Section in 1983/84 was as follows:

- information sessions on cooperatives	62
- new incorporations	13
- training sessions for staff and boards of directors of cooperatives	81
- advisory and support services at annual meetings	37
- budget development and/or assessment	113
- management and administrative assistance	96

FINANCE AND CONTROL SECTION

This Section is responsible for provision of accounting and accounting assistance to qualifying non-affiliated cooperatives in Manitoba. Major efforts are directed at northern cooperatives in remote and isolated communities where this service is needed most and where, in many instances, it is not available through other means. This Section is a support service to the Development Branch.

Specific Programs:

1. accounting services
2. financial statement preparation
3. design of accounting system
4. financial counselling and analysis
5. Finance and Control policy development
6. viability studies and financial projections
7. assistance in capital procurement
8. advice to Registrar on incorporation
9. advice to Registrar and assistance with dissolutions when requested
10. resource to the Co-operative Loans and Loans Guarantee Board
11. training assistance to cooperatives in financial management and control

SECRETARIAL AND STENO POOL SECTION

This Section provides secretarial and typing services to all branches of the Department. It is also responsible for the administration of the Resource Centre (Library), audio-visual equipment, motor vehicle pool and a variety of other administrative functions.

REGULATION BRANCH

This Branch is responsible for administration of The Cooperatives Act and The Credit Unions and Caisses Populaires Act. It includes the operation of a Central Registry and provision of an audit service for qualifying cooperatives. It also includes an Examination and Monitoring program for the collection and review of operational information on credit unions, caisses populaires and cooperatives in order to assist in the identification of areas of concern. Another activity of the Branch is to act as observer on several boards of credit union/caisse populaire central organizations. In addition, the Regulation Branch is generally an advisor to credit unions, caisses populaires and cooperatives with regard to applicable Acts.

CENTRAL REGISTRY SECTION

This Section maintains the registry of incorporating documents of cooperatives, credit unions and caisses populaires operating in Manitoba. It provides a facility for the public to search any of these documents as required by The Cooperatives Act and The Credit Unions and Caisses Populaires Act. This Section also acts as a resource to the Department and the system, assisting in drafting of documents, their evaluation and registration.

Certain share and debt issues of cooperatives require the approval of the Registrar before being offered to their members or the public. The main purpose is to protect the members of cooperatives and the public by filing only those offering statements where full, true and plain disclosure of all material facts is provided. It is necessary that there be reasonable grounds for believing that the proceeds from the sale of the shares or securities, together with other resources of the cooperative, are sufficient to accomplish the purpose of the issue.

Since certification of cooperative securities became a requirement under The Cooperatives Act of 1977, some have been handled by the Securities Commission and some by the Department. Cooperatives have made it clear that they prefer the Department to handle them.

It is desirable that members, prospective members of cooperatives and the public have all the facts explained before deciding to invest in securities offered by the cooperatives.

CENTRAL REGISTRY SECTION (cont'd)

Operational output for 1983/84 was as follows:

- incorporations	13
- article amendments	6
- mergers	7
- statement of intent to dissolve	1
- dissolutions	6
- articles of revival	1
- offering statement and change in facts	2
- bylaw amendments	49
- annual returns	400
- consultations	500

- investigated and placed 9 credit unions/caisses populaires under supervision of the Stabilization Fund and Le Fonds de Sécurité.

AUDIT SECTION

This Section provides an audit service to qualifying cooperatives in accordance with the standards of The Cooperatives Act and regulations set out in the handbook of "The Canadian Institute of Chartered Accountants" by:

1. using audit programs designed to suit a particular type of cooperative
2. reporting the findings to the various cooperative boards and expressing an audit opinion on the annual financial statements presented to the members
3. recommending improvements to management regarding their information and reporting systems
4. attending meetings of management and boards of directors to review and interpret their financial statements

The operational output for this Section in 1983/84 was 82 audits.

CREDIT UNION/CAISSE POPULAIRE MONITORING AND EXAMINATION SECTION

Monitoring:

The monitoring of operations of credit unions, caisses populaires and their Central organizations in Manitoba provides information as to their compliance with legislation and their maintenance of adequate liquidity and reserves. The information received is analyzed to indicate changes and trends in their operation and assists in priorizing examinations.

Operational output in 1983/84 amounted to the monitoring of 103 credit unions and 29 caisses populaires on a monthly basis.

Examination:

This program provides a diagnostic review of credit union/caisse populaire operations, assessing the general performance of the operation and identifying program areas. The scope of the examination is comprehensive and deals with all operational aspects of the credit union/caisse populaire. The operational examination integrates with, but does not duplicate, the financial audit. Reports of credit union examinations are distributed to their respective management and boards as well as to the Credit Union Central and the Credit Union Stabilization Fund. Reports on caisse populaire examinations are distributed to their management and boards and La Fédération des Caisses Populaires du Manitoba and Le Fonds de Sécurité des Caisses Populaires.

Operational output in 1983/84 involved:

- the further refinement of the Examination program
- hiring and training of Examination staff
- examination of 15 credit unions/caisses populaires

RESEARCH AND PLANNING BRANCH

The Research and Planning Branch offers both general and specialized services to the Department of Cooperative Development and the Department of Fitness, Recreation and Sport. Almost all projects that are handled by the Branch involve certain degrees of research, analysis, evaluation and recommendations for planning or policy development. Often it is difficult to classify specific projects into any particular activity category. With this understanding, a list of general activity areas follows:

1. Specialized Research Services

   Most projects undertaken have a research component, however, in many cases, the projects require specialized skills in survey design, data gathering, statistical and computer analysis, and data interpretation that leads to accurate recommendations for planning or policy input.

2. Organizational Development and Management

   Organization development involved the bringing together of various groups (branches) of the Department and working out logistical problems and concerns that hinder job efficiency and effectiveness. The Research and Planning Branch is responsible to co-ordinate and facilitate these sessions with the intent of resolving problems and concerns.

3. Planning and Evaluation

   For the most part, this major activity area involves an ongoing systematic process whereby departmental program needs, goals, objectives and delivery systems are examined.

4. Long Range Planning

   The Research and Planning Branch is charged with the responsibility to develop a 3 to 5 year overall departmental plan that involves desired goals and required resources. The development of the departmental plan will provide a working framework tying in the goals, objectives and programs on a longer term basis.

ADMINISTRATIVE SERVICES BRANCH

The Administrative Services Branch provides the Department and its boards with a centralized service in administrative-related functions. In general, these functions include budgets, accounts payable, accounts receivable, payrolls, personnel and other general administrative and legal matters. In addition, Administrative Services is responsible for ensuring compliance with established administrative policies and directives and for monitoring departmental spending.

In 1983/84, the Department of Cooperative Development had an approved staffing level of 39.26 staff years and employed an additional student during the summer months under the S.T.E.P.-In-Government Program.

During the 1983/84 fiscal year, the Department of Cooperative Development expended the following amounts on the programs as indicated:

Program	1983/84 Actual Expenditure
Administration & Finance	$ 151,073.92
Co-op and Credit Union Development	695,049.91
Co-op and Credit Union Regulation	697,628.82
Interest Forgiveness	4,650,332.53
TOTAL	$6,194,085.18

Revenues received by the Department of Cooperative Development for the 1983/84 fiscal year were as follows:

Source	1983/84 Actual Revenues
Fees	$ 6,540.51
Sundry	33,704.49
TOTAL	$ 40,245.00